Amendments to the Specification:

Please replace paragraph [0025] with the following amended paragraph:

[0025] Materials and procedures for forming liposomes are well known to those skilled in the art and will only be briefly described herein. Upon dispersion in an appropriate medium, a wide variety of phospholipids swell, hydrate and form multilamellar concentric bilayer vesicles of spherical geometry with layers of aqueous media separating the lipid bilayers. These systems are referred to as multilamellar liposomes or multilamellar lipid vesicles (MLVs) and have diameters within the range of 25 nm to 4 μm. These MLVs were first described by Bangham *et al.*, *J. Mol. Biol.,* **13**:238-252 (1965). In general, lipids or lipophilic substances are dissolved in an organic solvent. When the solvent is removed, such as under vacuum by rotary evaporation, the lipid residue forms a thing film on the wall of the container. An aqueous solution that typically contains electrolytes or hydrophilic biologically active materials is then added to the container. Large MLVs are produced upon agitation. When smaller MLVs are desired, the larger vesicles are subjected to sonication or sequential filtrations through filters with decreasing pore size. There are also techniques by which MLVs can be reduced both in size and in number of lamellae, for example, by pressurized extrusion (~~Barenholz~~ Barenholzt *et al.*, *FEBS Lett.,* **99**(1):210-214 (1979)).

Please replace paragraph [0026] with the following amended paragraph:

[0026] Liposomes can also take the form of unilamellar vesicles, which are prepared by more extensive sonication of MLVs, and consist of a single spherical lipid bilayer surrounding an aqueous solution. Unilamellar lipid vesicles (ULVs) can be small, having diameters within the range of 200 – 500 Å, while larger ULVs can have diameters within the range of 1000 – 10,000 Å. There are several well-known techniques for making unilamellar vesicles. In Papahadjopoulos *et al.*, *Biochim et Biophys Acta,* **135**:624-[[2]]638 (196[[8]]), sonication of an aqueous dispersion of phospholipids produces small ULVs having a lipid bilayer surrounding an aqueous solution. Schneider, U.S. Patent 4,089,801 describes the formation of

liposome precursors by ultrasonication, followed by the addition of an aqueous medium containing amphiphilic compounds and centrifugation to form a biomolecular lipid layer system.

Please replace paragraph [0048] with the following amended paragraph:

[0048] Such *ex vivo* studies are performed on bovine corneas using the method of Le Bourlais (Le Bour[[a]]lais *et al.*, *Prog. Re. Eye Res.*, **17**(1):33-58 (199[[2]]8)). Excised corneas are placed in a concave aluminum cup, covered with a glass dish to prevent drying, and pre-equilibrated in an incubator at 25°C for approximately 30 minutes. The liposome formulations (containing 50 micrograms of diclofenac) is applied directly onto the corneal surface. The formulation is allowed to stay in contact with the corneal surface for a defined period of time (30 seconds, 1 minute, 5 minutes, 10 minutes, 30 minutes, 1 hour, 3 hours).